

Message Text

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ACTION STR-07

INFO OCT-01 IO-14 ISO-00 AF-10 ARA-11 EA-10 EUR-12
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TRSE-00 ICA-11 SP-02 SOE-02 OMB-01 DOE-15 STRE-00
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P 291957Z SEP 78
FM USMISSION GENEVA
TO SECSTATE WASHDC PRIORITY 4629

LIMITED OFFICIAL USE SECTION 01 OF 02 GENEVA 14711

USMTN

ACTION STR
PASS ELECTRONICALLY AMBASSADORS STRAUSS AND WOLFF FROM
MCDONALD

E.O. 11652: N/A
TAGS: MTN, ETRD
SUBJECT: STATE OF PLAY ON ENTERING CLOSEOUT PHASE OF THE
TOKYO ROUND

1. OBVIOUSLY WE ARE MOVING RAPIDLY INTO THE CLOSEOUT
PHASE OF THE TOKYO ROUND AS CLEARLY EVIDENCED BY THE BE-
HAVIORAL PATTERNS OF NEGOTIATING PARTNERS AT VARIOUS
AUTHORITY LEVELS. THESE ARE MUCH AS YOU WOULD EXPECT
AND ARE CONSISTENT WITH SOME OF THE POINTS COVERED IN
OUR RECENT DISCUSSIONS.

2. THE PRESENT INTERPLAY OF ATTITUDES AND ACTIONS FOLLOWS
TWO MAIN DIMENSIONS: (1) THE INDIVIDUAL TACTICS CHOSEN
BY EACH NEGOTIATING PARTNER DEPENDING ON ITS INDIVIDUAL
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TRADING IMPORTANCE AND LEVERAGE, AND (2) A WILLINGNESS TO
MOVE AHEAD, COMPLETE ASSIGNMENTS, MAKE CONCESSIONS AND
MAKE DEALS WHICH TENDS TO VARY BY AUTHORITY FOR OR
PROXIMITY TO THE ACTUAL NEGOTIATIONS.

3. IN GENERAL THE FIRST DIMENSION CAN BE DESCRIBED AS
FOLLOWS:

A. THE CORE GROUP OF THREE: AT THE HEART OF THE NEGOTIATION TRYING TO BE CONSTRUCTIVE AND COMPLETE A REASONABLY BALANCED FORMAT ARE THE U.S. CLEARLY IN THE LEAD, FOLLOWED IN VARYING FASHION BY THE EC AND THE JAPANESE. AT THE TOP POLITICAL LEVELS, THESE THREE ARE CLEARLY DEDICATED TO COMPLETING THE TASK BY DECEMBER 15 AND SEE NO REASON WHY THIS CANNOT BE DONE. THE TASK IS NOT PREDOMINATELY A TECHNICAL ONE BUT IS LARGELY THE TOUGH CALL OF DETERMINING BALANCE AND HOLDING THE POLITICAL WILL TO CLOSE IN THE CLUTCH. IRONICALLY, THE RECENT DISCUSSIONS ON THE CVD WAIVER HAVE, IF ANYTHING, REAFFIRMED THE COMMITMENT OF THE KEY INDIVIDUALS IN ALL THREE CAMPS TO MAKE SURE THEY HAVE A DEAL IN HAND BEFORE THE WAIVER EXPIRATION DATE.

B. THE PEACEMAKERS: FOLLOWING CLOSELY BEHIND THE BIG THREE ARE THE PEACEMAKERS WHO ARE LOOKING FOR COMPROMISES AND ARE ALSO ANXIOUS TO SEE AN END TO THE NEGOTIATIONS ON A POSITIVE AND CONSTRUCTIVE LEVEL. THESE ARE LARGELY THE SWISS AND THE NORDIC COUNTRIES. THE NEW ZEALANDERS WOULD ALSO LIKE TO FALL IN THIS CATEGORY IF THEY CAN BE REASONABLY ASSURED OF AN ACCEPTABLE AND TOLERABLE SETTLEMENT OF THEIR DAIRY REQUESTS FROM THE BIG NEGOTIATING PARTNERS SINCE IT IS ON THIS FACTOR ALONE THAT THEIR ECONOMIC LIFE BLOOD DEPENDS.
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C. THE SPOILERS: CLEARLY MOVING INTO THE POSTURE OF POTENTIAL SPOILERS ARE THE CANADIANS AND THE AUSTRALIANS. NEITHER HAS GREAT LEVERAGE EXCEPT PERHAPS WITH ONE OF THE BIG THREE, AND THEIR EXPECTATIONS ARE IN A NUMBER OF AREAS QUITE EXCESSIVE. AS THEY SEE THE PROBABLE OUTLINES OF A FINAL PACKAGE, THEY WILL BE THREATENING OR MANEUVERING TO HOLD UP THE WHOLE RESULT IN ORDER TO TRY TO SWEETEN THEIR SPECIFIC ARRANGEMENTS. THE CANADIANS HAVE TOO MUCH AT STAKE TO PLAY THIS CARD FINALLY AT THE END, BUT THEY CAN CREATE SUFFICIENT CONFUSION TO PREVENT A DECENT SETTLEMENT TAKING PLACE ACROSS THE BOARD IF WE DO NOT MANAGE THIS SITUATION CAREFULLY. AS FOR THE AUSTRALIANS, THEY QUESTION WHETHER THEY HAVE ANYTHING TO LOSE AND CONSEQUENTLY AT THIS STAGE WOULD NOT HESITATE TO SHIFT INTO AN EXTREME POSTURE UNLESS THEY SEE THE U.S. AND THE EC MOVING TOWARD PROVIDING FOR THEM AN ACCEPTABLE MINIMUM ACCESS ASSURANCE FOR MEAT. ARGENTINA MIGHT WANT TO PLAY IN THIS LEAGUE ALSO AND COULD CAUSE PROBLEMS AMONG THE LDC'S, PARTICULARLY BECAUSE OF THE PERSONALITY OF THEIR DELEGATION HEAD IN GENEVA, UNLESS THEY TOO BEGIN TO SEE A POSITIVE STAKE WORTH MORE THAN THE POLI-

TICAL PLUSES AND NOTORIETY THAT AN LDC SPOILER CAN OBTAIN.

D. THE ADVANCED LDC'S: AT THE MOMENT, THIS GROUP IS SOMEWHAT CONFUSED AND DISPERSED. THEY ARE BEGINNING TO HAVE ENOUGH AT STAKE TO WANT A GENUINELY POSITIVE RESULT BUT THEY HAVE DEEPSEDED INTERNAL CONFLICTS OVER WHETHER TO NEGOTIATE OR REPEAT OLD POLITICAL SLOGANS AND ARE CONFUSED ABOUT THE REAL VALUES OF THE VARIOUS DEALS. FINALLY THE DELEGATIONS QUERY WHETHER THIS COMPLEX PACKAGE CAN REALLY BE MASTERED BY THEIR GOVERNMENTS IN A WAY THAT PERMITS THEM TO JOIN HANDS AT THE END. THIS INCLUDES BRAZIL, INDIA AND MEXICO, ALL OF WHOM ARE CRITICALLY IMPORTANT TO US TO BRING INTO A BASIC, SUCCESSFUL FINAL ARRANGEMENT.

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TO SECSTATE WASHDC PRIORITY 4630

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ACTION STR

PASS ELECTRONICALLY AMBASSADORS STRAUSS AND WOLFF FROM
MCDONALD

E. OTHER LDC'S: THE LATTER GROUP IS MOVING ALMOST INSTINCTIVELY INTO AN UNCTAD NEGOTIATING POSTURE. OUR BILATERAL NEGOTIATIONS, OUR RESPONSES TO THEIR REQUESTS, ETC., AS WELL AS THOSE OF THE EC AND JAPAN, HAVE LAGGED NEGOTIATIONS AMONG THE MAJOR DEVELOPED COUNTRIES. CONSEQUENTLY, THEY ARE UNCERTAIN ABOUT THEIR BILATERAL POSSIBILITIES, SCARED ABOUT THE OBLIGATIONS OF SOME OF THE CODES AND IN THE FRAMEWORK AREAS AND WONDER IF THEY WOULD NOT BE BETTER OFF TO DELAY NEGOTIATIONS UNTIL SPRING WHEN THEY MAY BE ABLE TO CREATE A POLITICAL CLAMOR AT THE MANILA UNCTAD MEETING THAT WOULD ENHANCE THEIR NEGOTIATING LEVERAGE WITHIN THE GATT. THE LATTER GROUP ALONG WITH THEIR MORE ADVANCED LDC COLLEAGUES, WILL CONTINUE TO PRESS INCREASINGLY FOR CLARIFICATION OF HOW DECISIONS WILL BE TAKEN ON THE RESULTS OF THE TOKYO ROUND, LIMITED OFFICIAL USE

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OBVIOUSLY THREATENING A VOTING PROCESS THAT WOULD GIVE THEM CONTROL OF CODES, ETC. THEY REALIZE THIS IS ABSOLUTELY A NON-STARTER, BUT THAT WILL NOT ALTER THEM FROM PRESSING THE POINT IN EVERY DIRECTION IN THE COURSE OF THE COMING WEEKS, PARTICULARLY IN THE EVENT THEIR AMBITIONS BECOME HIGHLY FRUSTRATED IN THE S&D AND BILATERAL ARENAS.

4. LOOKING AT THE SECOND DIMENSION, (I.E. VARYING BY LEVEL OF AUTHORITY AND PROXIMITY TO THE NEGOTIATIONS) THE GROWING PRESSURE FOR COMMITMENTS AND DECISIONS IS VIEWED BY MANY AS AN ENORMOUS PERSONAL RISK. THEREFORE, SOME OF THE MIDDLE AND LESSER LEVELS OF THE BUREAUCRACY ARE SCATTERING FOR COVER, AND ARE SLOWING THE COMPLETION OF STAFF WORK BY SPENDING MORE TIME BUILDING A DEFENSIVE RECORD THAN MOVING AGGRESSIVELY TO PREPARE THE CLOSE. THIS PHENOMENON SEEMS COMMONPLACE AMONG THE BIG 6 OR 8 COUNTRIES. FOR THE SMALLER ONES, THIS PROBLEM IS FURTHER EXACERBATED SINCE FREQUENTLY THEIR REPRESENTATIVES HERE CAN OBTAIN NO RESPONSES OF ANY KIND OR INSTRUCTIONS FROM THEIR CAPITALS.

5. THIS SCRAMBLE FOR POSITION AND THE PRESSURE IT CREATES FOR A MOMENT OF DECISION PROBABLY MEANS THAT THE TOKYO ROUND WILL EITHER END SUCCESSFULLY OR BLOW UP COMPLETELY SOME TIME SOON. IT IS ALMOST INCONCEIVABLE THAT IT WILL SIMPLY GRIND TO AN ADMINISTRATIVE HALT SINCE THE FORCES ARE CLEARLY AT WORK TO PRESS FOR A POSITIVE OR A NEGATIVE DECISION. IF SUCH A DECISION IS IMPOSSIBLE, THEN THE CVD WAIVER EXPIRATION DATE WILL PROBABLY TILT THE SCALES, THEREBY KILLING THE ROUND AS EVERYONE MOVES POLITICALLY TO SEEK A REACTION THAT MAY MEAN CALLS FOR ACTION ON ALL

SIDES AND CONSTANT MOVES FOR RETALIATION AND RE-RETALIA-
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TION. THIS WE MUST PREVENT.

6. THE OVERALL STATE OF PLAY SHOULD NOT BE DISCOURAGING
SINCE IT TENDS TO BE A NATURAL PHENOMENON AT THE END OF
A TOUGH NEGOTIATION BETWEEN BIG ORGANIZATIONS WITH HIGH
STAKES ON THE TABLE. IT ONLY MEANS THAT THE UNITED STATES,
AS THE DRIVING FORCE AND SHAPER OF THE TOKYO ROUND, MUST
PRESS AHEAD FULL SPEED IN A PERSISTENT AND BROAD SCALE
LEADERSHIP APPROACH THAT PERMITS NO WAVERING AND PROVIDES
NO CHANCE TO ESCAPE THE TOUGH DECISIONS BY ALL PARTICI-
PANTS. DURING MY UPCOMING VISIT TO WASHINGTON, I WILL
MUCH APPRECIATE YOUR PERSONAL COUNSEL AND SUGGESTIONS
AND THOSE OF OTHER KEY ADVISERS TO MAKE SURE THAT WE ARE
STEERING THIS INTERPLAY AS EFFECTIVELY AS POSSIBLE TOWARD
THE POSITIVE AND BALANCED RESULT WE SEEK. MCDONALD

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